

APPENDIX

SUMMARY TABLE OF SPENDING AND TAXATION OPTIONS BY BUDGET FUNCTION

The table that follows lists deficit reduction options by budget function. When an option affects several functions, it is assigned to the function on which it has the largest impact. Some spending options affect all functions, and some taxation options cannot be classified by function at all. Options of this kind are carried at the end of the table.

The title for each option is followed by a designation of its category in parentheses--for example, Slow Growth in the Strategic Defense Initiative (DEF-16) or Limit Interest Deductions (REV-25). The designation permits locating the option in the table of contents at the beginning of this volume.

For each option, the table displays the estimated 1987-1991 savings or revenue gains that would result from enactment. Both budget authority and outlay savings are generally shown for the spending reduction options. Revenue increases are listed as additions to CBO baseline. The estimates do not include any secondary effects--that is, effects on spending or revenues that would occur if the performance of the economy as a whole were altered by enacting the options shown here.

Unless specified otherwise, the estimates assume that the spending reduction options in the table will take effect on October 1, 1986, and the taxation options on January 1, 1987. The separate options cannot be added to a grand total. Some are mutually exclusive; some overlap with others; and in some cases there are interactions, so that if several options were enacted together, the combined savings would differ from the total of those estimated for each option separately.



SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

050 National Defense (Continued)Cancel Procurement of Aquila Remotely Piloted Vehicle (DEF-05)

Budget Authority	140	190	170	40	20	560
Outlays	10	60	130	150	110	460

Cancel V-22 Aircraft Development (DEF-06)

Budget Authority	390	590	790	1,190	1,890	4,850
Outlays	200	400	300	450	850	2,200

Cancel E-6 Aircraft Procurement (DEF-07)

Budget Authority	410	380	360	300	10	1,460
Outlays	70	200	270	300	280	1,120

Cancel M9ACE Armored Combat Earthmover (DEF-08)

Budget Authority	30	160	100	100	120	510
Outlays	2	20	75	100	100	297

Cancel the Advanced Medium-Range, Air-to-Air Missile (DEF-09)

Budget Authority	810	1,080	1,170	1,110	900	5,070
Outlays	210	510	760	900	900	3,280



SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

050 National Defense (Continued)Delay Advanced Tactical Fighter (ATF) Development (DEF - 10)

Budget Authority	290	340	580	700	2,400	4,310
Outlays	150	280	440	590	1,420	2,880

Delay Procurement of Trident II Missile (DEF - 11)

Budget Authority	1,430	2,290	2,300	2,300	1,670	9,990
Outlays	150	750	1,480	1,940	2,070	6,390

Cancel the Bradley Fighting Vehicle (DEF - 12)

Budget Authority	800	630	340	280	0	2,050
Outlays	20	370	530	450	340	1,710

Reduce MX Test Missiles (DEF - 13)

Budget Authority	600	1,500	1,400	1,200	270	4,970
Outlays	140	540	920	1,100	890	3,590

Alter Funding for Supporting Procurement (DEF - 14)Limit 1987 Spending to Zero Real Growth

Budget Authority	3,600	3,400	3,700	3,900	4,200	18,800
Outlays	1,300	2,100	2,900	3,400	3,700	13,400

SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

050 National Defense (Continued)Alter Funding for Supporting Procurement (DEF-14) (Continued)

Limit 1987 Funding to Zero Nominal Growth

Budget Authority	4,400	3,800	5,200	5,900	6,700	26,000
Outlays	1,500	1,900	3,200	4,200	5,200	16,000

Alter Research and Development Funding (DEF-15)

Reduce 1987 Funding Request by 10 Percent

Budget Authority	4,200	4,200	4,100	4,200	4,700	21,400
Outlays	2,100	3,600	3,900	4,000	4,300	17,900

Limit Funding to Real 1986 Level

Budget Authority	7,500	6,300	4,100	3,100	6,200	27,200
Outlays	3,800	5,900	4,800	3,600	4,700	22,800

Slow Growth in the Strategic Defense Initiative (DEF-16)

Budget Authority	1,100	1,300	1,500	1,800	2,100	7,800
Outlays	500	1,040	1,290	1,550	1,830	6,210

Alter Funding for Military Construction (DEF-17)

Budget Authority	1,500	3,500	3,300	4,500	4,100	16,900
Outlays	200	1,100	2,200	3,000	3,700	10,200

SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

050 National Defense (Continued)Slow Increases in the Tactical Air Force (DEF - 18)

Savings in Total Federal Budget

Budget Authority	0	170	540	940	1,180	2,830
Outlays	0	90	320	620	860	1,890

Savings in Defense Budget

Budget Authority	0	170	540	940	1,180	2,830
Outlays	0	110	380	720	980	2,190

Place Three Carrier Battle Groups in Reserve (DEF - 19)

Savings in Total Federal Budget

Budget Authority	0	70	210	330	420	1,030
Outlays	0	50	140	230	300	720

Savings in Defense Budget

Budget Authority	0	70	210	330	420	1,030
Outlays	0	60	190	310	400	960

Retire Some G - Model B - 52 Strategic Bombers Early (DEF - 20)

Savings in Total Federal Budget

Budget Authority	270	840	1,180	1,240	1,300	4,830
Outlays	130	470	780	940	1,050	3,370

Savings in Defense Budget

Budget Authority	270	840	1,180	1,240	1,300	4,830
Outlays	150	540	880	1,050	1,160	3,780

SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

050 National Defense (Continued)Alter Operation and Maintenance Funding (DEF-21)

Reduce 1987 Funding Request by 10 Percent

Budget Authority	8,600	9,200	10,000	10,700	11,200	49,700
Outlays	6,700	8,700	9,600	10,300	10,800	46,100

Limit Funding Growth in Each of the Next Five Years

Budget Authority	11,500	14,000	17,500	21,200	21,600	85,800
Outlays	9,000	12,900	16,300	19,900	20,900	79,000

Restore Former Enlisted-Officer Ratios (DEF-22)

Savings in Total Federal Budget

Budget Authority	102	372	714	954	1,035	3,177
Outlays	70	259	504	682	747	2,262

Savings in Defense Budget

Budget Authority	106	388	745	988	1,075	3,302
Outlays	103	380	734	981	1,072	3,270

Impose Fees for Military Outpatient Care (DEF-23)

Budget Authority	95	100	110	120	130	555
Outlays	75	95	104	115	125	515



SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

050 National Defense (Continued)Selectively Raise Military Pay (DEF-24)

Savings in Total Federal Budget

Budget Authority	2,300	2,375	2,455	2,545	2,630	12,305
Outlays	1,570	1,625	1,665	1,705	1,745	8,310

Savings in Defense Budget

Budget Authority	2,360	2,435	2,520	2,615	2,705	12,635
Outlays	2,325	2,435	2,520	2,610	2,705	12,595

Implement Proposed Changes in Military Retirement (DEF-25)

Savings in Total Federal Budget

Budget Authority	134	411	704	993	1,243	3,485
Outlays	0	-1	-5	-16	-27	-49

Savings in Defense Budget

Budget Authority	134	411	704	993	1,243	3,485
Outlays	134	411	704	993	1,243	3,485

Tax Cash Allowances and the Rental Value of Housing Provided to
Persons in the Uniformed Services and the Clergy (REV-22)

Addition to CBO Baseline

Tax All Allowances	1,700	2,500	2,600	2,800	2,900	12,500
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SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

050 National Defense (Continued)

Tax Cash Allowances and the Rental Value of Housing Provided to
Persons in the Uniformed Services and the Clergy (REV-22) (Continued)

Addition to CBO Baseline (Continued)

Limit Homeowners'
Interest

Deductions	100	300	400	300	400	1,500
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150 International Affairs

Reduce Funding for Foreign Aid (NDD-05)

Budget Authority	1,416	1,601	1,661	1,725	1,794	8,198
Outlays	716	974	1,231	1,429	1,555	5,905

Eliminate Cargo Preference for Nonmilitary Shipments (NDD-10)

Budget Authority	500	550	600	600	600	2,850
Outlays	500	550	600	600	600	2,850

End the Export-Import Bank Direct Loan Program (NDD-18)

Budget Authority	400	800	0	0	0	1,200
Outlays	200	400	500	500	500	1,900



SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

150 International Affairs (Continued)

Repeal the Possessions Tax Credit (REV - 33)

Addition to CBO Baseline	1,100	1,900	2,100	2,300	2,600	10,000
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Place a Per Country Limit on the Foreign Tax Credit (REV - 34)

Addition to CBO Baseline	800	2,000	2,300	2,600	2,900	10,600
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270 EnergyReduce Support for Energy Supply, Conservation, and
the Strategic Petroleum Reserve (NDD - 02)

Budget Authority	2,650	3,000	3,500	3,800	4,000	17,000
Outlays	1,300	2,450	3,200	3,600	3,850	14,400

Reduce Credit Subsidies to Federal Power
Marketing Agencies (NDD - 17)

Budget Authority	88	259	236	211	193	987
Outlays	144	569	504	433	368	2,018

SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	
<u>270 Energy</u> (Continued)						
Increase Energy Taxes (REV - 05)						
Addition to CBO Baseline						
Impose Tax on Domestic and Imported Oil (\$5 per barrel)	20,400	21,800	22,100	22,500	22,900	109,700
Impose Oil Import Fee (\$5 per barrel)	7,400	7,300	7,400	7,800	7,900	37,800
Impose Excise Tax on Natural Gas (\$1 per 1,000 cubic feet)	12,000	12,900	13,200	13,600	13,700	65,400
Increase Motor Fuel Excise Tax (12 cents per gallon)	10,400	10,700	10,900	10,900	10,900	53,800
Impose Broad-Based Tax on Domestic Energy Consumption (5 percent of value)	13,900	15,200	16,200	17,300	18,500	81,100



SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

270 Energy (Continued)

Repeal Percentage Depletion Allowance and Expensing of Intangible
Drilling, Exploration, and Development Costs (REV - 11)

Addition to CBO Baseline

Repeal Percentage Depletion	900	1,400	1,400	1,500	1,500	6,700
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Repeal Expensing of Intangible Drilling, Development, and Exploration Costs	2,000	3,100	2,700	2,400	2,000	12,100
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300 Natural Resources and Environment

Reduce Support for Inland Waterways (NDD - 11)

Budget Authority	260	270	280	290	300	1,400
Outlays	250	260	270	280	290	1,350

Eliminate Federal Maintenance Assistance
for Deep Draft Ports (NDD - 12)

Budget Authority	440	460	470	490	500	2,360
Outlays	430	450	460	480	500	2,320

SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

300 Natural Resources and Environment (Continued)Eliminate Federal Support to States for Construction
of Sewage Treatment Plants (NDD-16)

Budget Authority	705	1,442	2,180	2,930	3,089	10,346
Outlays	5	93	393	890	1,486	2,867

Eliminate Special Capital Gains Treatment for Timber, and
for Coal and Iron Ore Royalties (REV-13)

Addition to CBO Baseline

Timber Income	300	700	700	800	800	3,300
Coal and Iron Ore Royalties	100	100	100	100	200	700

350 Agriculture

Reduce Deficiency Payments by Lowering Target Prices (AGR-01)

Budget Authority	500	2,040	2,940	2,790	2,350	10,620
Outlays	500	2,040	2,940	2,790	2,350	10,620

Eliminate Deficiency Payments on Excess Acreage (AGR-02)

Budget Authority	470	2,450	2,980	1,420	1,025	8,345
Outlays	470	2,450	2,980	1,420	1,025	8,345



SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

350 Agriculture (Continued)

Reduce Deficiency Payments by Lowering Payment Limitation (AGR-03)

Budget Authority	0	2,030	2,160	1,930	1,515	7,635
Outlays	0	2,030	2,160	1,930	1,515	7,635

370 Commerce and HousingRecover the Administrative Costs of
Selected Regulatory Agencies (NDD-06)

Savings from CBO Baseline

USDA	132	270	415	424	433	1,674
FDA	58	119	184	189	193	743
FCC	18	40	61	62	64	245
CFTC	9	18	27	28	29	111

Charge State Member Banks and Bank Holding Companies for the Costs
of Federal Reserve Supervision and Regulation (NDD-07)

Addition to CBO Baseline	190	210	230	240	260	1,130
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Discontinue Postal Subsidies for Not-for-Profit Organizations (NDD-19)

Budget Authority	490	530	550	570	610	2,750
Outlays	490	530	550	570	610	2,750

SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

370 Commerce and Housing (Continued)Eliminate New Lending or Increase Homeowners' Payments Under
Rural Housing Loan Program (NDD-21)

Eliminate New Lending

Budget Authority	1,050	1,250	1,200	1,100	1,050	5,650
Outlays	1,000	1,200	1,200	1,200	1,200	5,800

Increase Homeowners' Payments

Budget Authority	-15	-35	95	95	85	230
Outlays	35	75	120	160	210	600

Impose a One-Year Moratorium on New Funding for the
Rural Rental Assistance Program (NDD-22)

Budget Authority	55	30	-15	-20	-60	-10
Outlays	50	390	120	30	-20	570

Revise Depreciation Rules (REV-07)

Addition to CBO Baseline

Ways and Means Proposal	13,000	27,300	38,900	53,200	75,900	208,300
President's Proposal	12,400	24,200	32,400	43,900	53,100	166,000



SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

370 Commerce and Housing (Continued)Match Income with Expense for Multiperiod Construction (REV-08)

Addition to CBO Baseline	2,400	8,200	12,400	10,200	7,500	40,800
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Eliminate Investment Tax Credit or Require Full Basis Adjustment (REV-09)

Addition to CBO Baseline

Eliminate Credit	12,100	25,000	30,900	35,700	41,200	144,900
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Require Full Basis Adjustment	400	1,600	3,100	4,700	6,200	16,000
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Eliminate Private-Purpose Tax-Exempt Bonds (REV-12)

Addition to CBO Baseline

Mortgage Revenue Bonds

Multiple dwellings	100	200	300	400	600	1,600
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Single-family homes	300	600	700	700	700	3,000
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Industrial Development Bonds

Small issues	100	200	200	300	300	1,100
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Pollution control	100	100	200	400	500	1,300
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Other	100	300	600	900	1,300	3,200
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SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

370 Commerce and Housing (Continued)Eliminate Private-Purpose Tax-Exempt Bonds (REV-12) (Continued)

Addition to CBO Baseline (Continued)

Student Loan Bonds	16	47	100	100	100	300
Hospital Bonds	200	500	1,000	1,600	2,200	5,500

Eliminate Preferences for Financial Institutions (REV-14)

Addition to CBO Baseline

Disallow Interest Deductions for Bank Holdings of Tax- Exempt Securities	100	300	300	300	300	1,300
Repeal the Deduction for Excess Bad-Debt Reserves	500	600	400	600	700	2,800
Treat Credit Unions Like Other Thrift Institutions	100	200	200	200	300	1,100
Repeal the 20 Percent Deduction for Taxable Income from Life Insurance Activities and the Small Life Insur- ance Company Deduction	1,000	1,700	1,900	2,100	2,200	8,900



SUMMARY TABLE (Continued)

<u>Budget Function</u>						Cumulative Five-Year Savings
Options	1987	1988	1989	1990	1991	

370 Commerce and Housing (Continued)Eliminate Preferences for Financial Institutions (REV - 14) (Continued)Addition to CBO Baseline (Continued)

Repeal Preferences for Property and Casualty Insur- ance Companies	300	600	1,500	2,100	2,500	7,000
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Restrict Use of the Cash Method of Accounting (REV - 15)

Addition to CBO Baseline	400	1,000	1,100	1,100	1,200	4,800
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Repeal the Dividend Exclusion (REV - 16)

Addition to CBO Baseline	200	600	600	700	700	2,800
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Repeal the Tax Credit for Employee Stock Ownership Plans (REV - 17)

Addition to CBO Baseline	2,100	1,400	700	500	0	4,700
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Restrict Deductions for Business Entertainment and Meals (REV - 23)Addition to CBO Baseline

Disallow Deductions for Business Enter- tainment and Limit Deductions for Business Meals	500	1,100	1,400	1,700	2,100	6,700
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